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TAGS: [PREL](#) [ECIN](#) [ETRD](#) [ENRG](#) [TRGY](#) [KNNP](#) [CH](#) [JA](#) [IN](#) [ASEAN](#)

SUBJECT: INDO-JAPANESE INTERESTS CONVERGING AHEAD OF EAST ASIA SUMMIT

REF: A. TOKYO 6376

[B](#). TOKYO 6236

[C](#). TOKYO 5850

Classified By: PolCouns Geoffrey Pyatt for Reasons 1.4 (B, D)

[1](#). (C) Summary: Prime Minister Singh is heading to Kuala Lumpur for the December 14 East Asian Summit (EAS) at a time of rapid improvement in Indo-Japanese relations that may finally overcome the sense on both sides of unfulfilled potential. In a December 2 meeting with PolCouns, MEA's Asia Coordinator Ashok Kantha emphasized the positive changes in Japanese attitudes that New Delhi perceives following Koizumi's re-election. In addition to a shared approach to the East Asian Summit (Refs A and B), Kantha and Japanese DCM Ryoichi Horie noted other factors driving this India-Japan rapprochement, including changes in the GOJ Foreign Ministry, booming corporate interest in India and a gradual Japanese turn around on nuclear issues. In a recent speech to a World Economic Forum meeting in New Delhi, PM Singh outlined his vision for an Asian economic grouping "which could be the third pole of the world economy" after the EU and NAFTA. India views closer relations with Japan and a Japanese role in South Asian security as a means to take advantage of economic opportunities and balance Chinese influence in ASEAN. According to DCM Horie, Tokyo still resists full civil nuclear cooperation with India, but the Japanese Foreign Ministry and business leaders are waking up to the advantages of closer relations with New Delhi. End Summary.

India and Japan EAS Buddies

[2](#). (C) Amidst an increasing sense of shared interests, India and Japan are working together over the East Asian Summit's role in building a regional architecture. As Embassy Tokyo has detailed (Refs A and B), the GOI sees the EAS as a building block for a future East Asian Community, and is adamant that this new architecture include a prominent role for India. Noting that China was initially "not enthusiastic about India's participation in the EAS," MEA Joint Secretary (East Asia) Ashok Kantha told PolCouns and Poloff in a December 2 meeting that China was more comfortable with the ASEAN Plus Three format, "where they could dominate." He relayed that many ASEAN countries have stressed to India the need for better geopolitical balance in the region, but admitted that these countries are not comfortable voicing their opinion in multilateral fora where China is present. Kantha listed Singapore, the Republic of Korea, and Thailand as examples of countries that tell the GOI privately that India needs to be involved to "prevent China from dominating," but are afraid to articulate this in other ASEAN formats. Japan has been most supportive of the Indian position on the Summit, he commented, but wants the EAS to meet every other year while the GOI is pushing for an annual event. In a December 5 meeting, Japanese DCM Ryoichi Horie told us that Japan is supporting India's challenge to China because it has greater confidence in India's positive, democratic influence in Asian stability. Since India joined the ASEAN Plus One group, it has become "intensively" involved in the region, he observed.

The Flag Follows Trade

[3](#). (C) Looking beyond the EAS, Prime Minister Singh lauded the advantages of an Asian economic grouping in a recent speech to a World Economic Forum meeting in New Delhi. He suggested that a Pan-Asian Free Trade Zone could be the "third pole of the world economy" after the European Union and the North Atlantic Free Trade Area, and would open up "new growth avenues" for the Indian economy. The PM's Media Advisor Sanjay Baru is a big-time advocate of this Asia push, and has spoken in the past of GOI hope that the EAS could be the foundation for a regional free trade zone. This long term plan raises the stakes on Indian participation in architecture building through the EAS. MEA's Kantha also told PolCouns that India is open to US participation in this notional economic grouping.

Closer Relations Across the Board

14. (C) In addition to GOJ support of India's approach to the EAS, Kantha also praised Japan's stronger commitment to bilateral relations with India. He indicated that the changes have started with Koizumi and are "percolating down the system" following the Japanese election. DCM Horie noted that Japan's new Foreign Minister, Taro Aso, is a strong proponent of Indo-Japanese ties going back to his tenure as Communications Minister, and plans to visit New Delhi in January in his new capacity. Kantha was optimistic that the Foreign Ministry finally understands where India is heading, and "starting to change the entrenched stereotypes in the bureaucracy." Kantha credited the common EAS alignment, stronger economic ties and the joint UNSC effort for driving Japan's changing perception of India. He added that the Japanese business community still believes that India needs better infrastructure, but noted that India would welcome further Japanese investment in this area.

15. (C) Horie listed several other factors which have led to stronger Indo-Japanese ties, including Tokyo's evolving position on civil nuclear cooperation, the booming Japanese interest in India's economy, and the selection of Taro Aso as the new Foreign Minister. The Japanese concurrence on Indian participation in ITER is the most substantial sign of greater leeway for civil-nuclear cooperation, Horie commented, since non-proliferation is historically a bone of contention in Indo-Japanese relations. After the Keidanren group of business leaders (Ref C), led by Toyota President Hishiro Akuda, met with Finance Minister Chidambaram and PM Singh in November, they declared that India was the "last remaining big market for Japanese business." Mid-size and small companies have also become more interested in doing business with India, leading to a major "India boom" in Japan, and Horie listed several upcoming visits by prominent business leaders.

Tokyo "Will Come Around" On Civil Nuclear Cooperation

16. (C) Kantha expressed appreciation for USG efforts to persuade Japan to "come around" on allowing India to join the International Thermonuclear Experimental Reactor (ITER) as a partner, and predicted that once Nuclear Suppliers Group policies are changed to accommodate civil nuclear cooperation with India, Japan would again "come along" there too. DCM Horie explained that he and Japanese Ambassador Enoki support greater civil nuclear cooperation with New Delhi, and believe that Japan needs to treat India as a de-facto nuclear power in order to avert an impending energy crisis. However, he explained that the GOJ had its own "non-proliferation ayatollahs" who resist the Indo-US civil nuclear agreement. Horie reported that Ambassador Enoki had used his recent consultations in Tokyo to "send signals" that it was time to change Japanese policy towards India's nuclear program. According to Horie, the GOI has indicated that they are looking towards Japan and France as the front runners to supply civil nuclear technology. Nevertheless, he commented that Japanese businesses that export this technology have not begun to lobby the GOJ to loosen its regulations, and thus far all discussions have been government to government. Although Tokyo had agreed to support India's participation in ITER, he predicted that Japan would be one of the last countries to support the Indian civil nuclear agreement in the NSG.

Comment: A Historic Realignment

17. (C) While the GOI has proactively reached out to Japan on the economic front, the two countries' converging interests on China's role in Asia, the future of the UNSC and evolving nuclear cooperation have occurred more spontaneously, as both countries look for a more prominent role and greater stability in Asia. Horie indicated that the Japanese would like to expand the next Japan-India Symposium to be held in Tokyo next February or March to include trilateral cooperation with the US. Closer Indo-Japanese interests are in America's interest, and we will keep an eye on how the GOI's stronger ties with Japan and FS Saran's recent public comments about India's role as a "balancing power" in Asia will play out in upcoming regional meetings.

18. (U) Visit New Delhi's Classified Website:
(<http://www.state.sgov.gov/p/sa/newdelhi/>)
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